

**State Employee Benefits Committee**  
**Friday, November 16, 2012 at 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

The State Employee Benefits Committee met on November 16, 2012, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB  
Brenda Lakeman, Director, OMB, SBO  
Faith Rentz, Deputy Director, OMB, SBO  
Vicki Ford, OMB, Financial Operations  
Dawn Guyer, OMB, Financial Operations  
Dawn Davis, OMB, SBO  
Mary Thuresson, OMB, SBO  
Rebecca Reichardt, OMB, BDPA  
Stuart Wohl, Segal  
Chris Mathews, Segal  
Michael Morton, Controller General  
Andrew Kerber, DOJ  
Karen Weldin Stewart, Insurance Commissioner  
Erika Benner, State Treasurer's Office  
Dave Craik, Pension Office

Patti Kozerski, OMB, PHRST  
Jennifer Ward, Highmark BCBS DE  
Jackie Rhoads, Highmark BCBS DE  
Julie Caynor, Aetna  
Judy Grant, HMS  
Hollie Ford, City of Dover  
Tom Cook, Secretary of Finance  
Crystal Webb, DHSS  
Dave Leiter, DHSS  
Sandy Richards, AFSCME, R  
Vincent McCann, AFSCME, R  
Jim Testerman DSEA, R  
Rich Phillips, DSEA, R  
Jim Harrison, DSEA, R  
Karol Powers-Case, DSE, R

Agenda Items Discussed:

**Introductions/Sign In**

Director Visalli called the meeting to order at 2:00 p.m. Anyone who had public comments was invited to sign-in and any others wishing to comment would be given the opportunity. Introductions were given around the room.

**Approval of Minutes**

Director Visalli requested a motion to approve the minutes from the September 24, 2012, SEBC meeting. Controller General Morton made the motion and Secretary Cook seconded the motion. Upon unanimous voice vote the minutes were approved.

**Director's Report – Brenda Lakeman**

Ms. Lakeman reported that the Welcome Kits were mailed out on November 5, 2012 to 20,403 pensioners who are eligible for Medicare Part D. The kits included new identification cards. It was addressed in the mailings that those using the airbase pharmacy or VA members will not be able to use the federal facilities but will need to go to another retail pharmacy. Also, those members with prior authorizations will have to receive new authorizations after January 2013.

Ms. Lakeman reported that Open Enrollment for the Flexible Spending Account (FSA) and the Group Life Insurance Plan began on November 1 and was to run through November 21, 2012 with a benefit effective date of January 1, 2013. The enrollment has been extended through November 26 at midnight. An email will be going out announcing the extension.

There have been 671 employees apply for life insurance and 273 who were already enrolled have raised their benefit elections. There were 125 employees that attended the employee meetings.

There have been 1732 enrollees in the Health Care Spending account and 94 in the Dependent Care. A total of 168 have enrolled in both flexible spending accounts. There are 369 enrolled up to the maximum of \$2500. In total, 999 have elected the Benny Card.

There are 2555 who will receive payment in December for the DelaWELL Early Bird incentive. Last year at this time, there was a total of 1315 that had completed the silver level. This is an increase of 94% over last year.

#### **Health Fund Financials – Vickie Ford (handouts - 2)**

It was reported that the second quarter fund balance was \$38.3 million (M) which included a \$5M prescription rebate. Per Ms. Lakeman there will be further analysis of the fund and in January they will review the numbers with SEBC.

#### **Affordable Care Act Compliance Updates – Stuart Wohl (handout)**

Director Visalli reported that the Affordable Care Act presentation by Segal was given to her area to help everyone understand the Act from a benefit prospective. Ms. Lakeman commented that the reason for presenting this to the Committee now is to think about it in relation to fiscal year 2014. This Act will add fees to the plan.

Mr. Wohl explained that there have been no changes in the Affordable Care Act in the last two weeks and a number of regulations are still outstanding. The presentation was broken into four sections as follows:

#### **Coverage Mandates**

- Grandfathered status versus non-grandfathered status
- What triggers loss of grandfathered status
- Coverage mandates that apply to all plans
- Coverage mandates that apply to non-grandfathered plans currently and will apply in 2013-2014
- Other Group Health Plan mandates effective in 2014 for grandfathered and non-grandfathered plans
- New Summary of Benefits and Coverage
- Advanced Notice of Material Modification

Director Visalli commented that being in a non-grandfathered status can benefit the consumer and in most cases is pro-employee. The Affordable Care Act has a built in incentive to let go of the old and move towards the new. Ms. Lakeman stated that the changes made to the plans for House Bill 81 did not impact the grandfathered status. Ms. Lakeman also mentioned that the Open Enrollment booklet would continue to show the side by side comparison of the plans.

#### **Taxes/Fees/Assessments, and Rebates**

- Early Retiree Reimbursement Program (ERRP)
- Comparative Effectiveness Research Fees
- Payments to Temporary (2014-2016) Reinsurance Programs
- Excise Tax-2018

### **Reporting and Disclosure Requirements**

- Form W-2 Reporting
- Notice/Reporting Requirements
- Reporting of Health Coverage

Ms. Lakeman stated that PHRST is already working on the necessary changes to the W-2 reporting. Mr. Wohl commented that guidance regarding the the notice on the exchange which must be provided to employees is still outstanding.

### **Exchange Related Requirements**

- Exchanges
- Individual Mandate
- Employer Shared Responsibility Penalty
- Automatic Enrollment

### **Health Care Reform – Chronology**

Mr. Wohl noted that Delaware has filed to offer exchanges jointly with the federal government. Ms. Lakeman commented that the state would handle the consumer part; such as answering questions, etc. Director Visalli asked if there were any questions on the overview and concluded that there would be more information to come.

### **Group Health Program Clinical Dashboard Reporting and Metrics – Chris Matthews (handout)**

Ms. Lakeman introduced Chris Matthews, Segal. Ms. Lakeman explained that Truven Health Analytics is our data warehouse vendor working with Alere, our Wellness vendor, to evaluate and manage rising health care costs.

Mr. Matthews explained that the health care system is geared towards treating the sick and not keeping them well. The objective of Alere and Truven is to keep those diagnosed with a chronic illness in the beginning stages of their disease rather than progress to Stage 3 which usually involves visits to the hospital, a poor prognosis for the patient and more expensive treatment. The presentation showed the employer and employee cost breakdown of the top five chronic diseases for 2010, 2011 and 2012. In 2012, plan payments for members with chronic diseases was 68% of the overall cost. The materials included data which showed the percentage of those that are on medication and/or getting annual testing. Fifty-four percent of those with a chronic illness are not doing what they should to follow treatment guidelines. The medical expenses will increase to 500 million in 2013. The focus is to make sure that those that have a chronic illness remain in Stage 1 of their disease. Managing their illness will help to maintain future medical costs.

### **SEBAC Comment**

None.

### **Public Comment**

Karol Powers-Case, DSEA Retiree, had questions about the exchanges. Director Visalli explained that the exchanges were like education vouchers, though most exchanges would not apply to state employees or pensioners. She explained further that there may be a website or phone number to pick an available plan from a virtual market place. A national exchange doesn't exist yet. Some states are building from the ground up, but Delaware has chosen to use the federal

structure with Delaware answering questions. Mr. Matthews commented that an exchange entirely run through the federal government would be very expensive.

Dave Leiter, DHSS, had questions about the DelaWELL program, Truven, and how it all works. Ms. Lakeman explained that DelaWELL is the group that collects the health data as well as provides health coaching, screenings, etc. Truven reviews the data to see if what we have been doing is working or not.

**Other Business**

None.

Director Visalli reminded all that the next SEBC meeting date is scheduled for Friday, December 14, 2012. A motion to adjourn was requested. Controller General Morton made the motion and Ms. Benner seconded the motion. The meeting was adjourned at 3:12 p.m.

Respectfully submitted,

Dawn Davis  
Administrative Secretary  
Statewide Benefits Office, OMB